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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares of Playmates Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

**SCRIP DIVIDEND SCHEME  
IN RELATION TO  
THE SPECIAL INTERIM DIVIDEND  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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If you wish to receive your Special Interim Dividend **wholly in Scrip Shares or partly in Scrip Shares and partly in cash**, you should complete the Election Form in accordance with the instructions printed on it and return it to the Company's branch share registrar in Hong Kong, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Tuesday, 18 September 2018.

4 September 2018

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“Board”	the board of Directors
“Company”	Playmates Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Interim Dividend”	the interim dividend of HK cents 1.5 per Share payable to Shareholders whose names are on the Register of Members of the Company as at the close of business on 29 August 2018
“Election Form(s)”	the form(s) of election in relation to the Scrip Dividend Scheme
“Excluded Overseas Shareholder(s)”	Overseas Shareholders whom the Board, after making enquiries, considers it not cost-effective or expedient to offer the Scrip Dividend Scheme to on account either of registration requirements and/or other formalities under the laws of the relevant jurisdiction
“HK\$” and “HK cents”	Hong Kong dollars and Hong Kong cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company at the close of business on the Record Date, are outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s), excluding Excluded Overseas Shareholder(s), whose name(s) appear on the register of members of the Company in Hong Kong as at the close of business on the Record Date
“Record Date”	29 August 2018, being the record date for determining the Shareholders’ entitlements to the Interim Dividend and the Special Interim Dividend
“Registrars”	Tricor Abacus Limited, the branch share registrars of the Company in Hong Kong at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong

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## DEFINITIONS

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“Scrip Dividend Scheme”	the scheme for the Shareholders to receive the Special Interim Dividend in the form of Scrip Shares in lieu of cash or partly in Scrip Shares and partly in cash
“Scrip Shares”	new Shares that the Qualifying Shareholders may elect to receive as Special Interim Dividend
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Special Interim Dividend”	the special interim dividend of HK cents 10 per Share payable to Shareholders whose names are on the Register of Members of the Company as at the close of business on 29 August 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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### **PLAYMATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 635)**

Mr. TO Shu Sing, Sidney (*Chairman*)  
Ms. CHAN, Helen (*Executive Director*)  
Mr. CHENG Bing Kin, Alain (*Executive Director*)  
Mr. IP Shu Wing, Charles (*Independent Non-executive Director*)  
Mr. LEE Peng Fei, Allen (*Independent Non-executive Director*)  
Mr. LO Kai Yiu, Anthony (*Independent Non-executive Director*)  
Mr. TSIM Tak Lung (*Deputy Chairman and Non-executive Director*)  
Mr. YU Hon To, David (*Independent Non-executive Director*)

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal office:*  
23rd Floor,  
The Toy House,  
100 Canton Road  
Tsimshatsui,  
Kowloon,  
Hong Kong

4 September 2018

*To the Qualifying Shareholders  
and for information only, the Excluded Overseas Shareholders*

Dear Sir or Madam,

### **SCRIP DIVIDEND SCHEME IN RELATION TO THE SPECIAL INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 2018**

#### **INTRODUCTION**

On 10 August 2018, the Company announced that the Board had resolved to pay the Interim Dividend and the Special Interim Dividend for the six months ended 30 June 2018 to the Shareholders whose names are on the register of members of the Company as at the close of business on the Record Date. The Interim Dividend will be paid solely in the form of cash. In addition, the Qualifying Shareholders may elect to receive the Special Interim Dividend in the form of cash or in the form of Scrip Shares, or a combination of these under the Scrip Dividend Scheme.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the actions which may be taken by the Shareholders in relation thereto.

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## LETTER FROM THE BOARD

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### SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Qualifying Shareholder may elect to receive the Special Interim Dividend in the following manner:

- (a) in cash of HK cents 10 for each Share held on the Record Date; or
- (b) by way of an allotment and issue of Scrip Shares (the number of which is determined as explained below) at an Issue Price (as defined below) subject to any fractional entitlement being disregarded as mentioned below; or
- (c) partly in cash and partly in the form of Scrip Shares.

The Special Interim Dividend in cash will be paid in Hong Kong dollars regardless of the registered address of the Shareholders as at the Record Date.

### BASIS OF ALLOTMENT OF THE SCRIP SHARES

For the purpose of calculating the number of Scrip Shares to be allotted under (b) and (c) above, the issue price of each Scrip Share is determined by reference to the average of the closing prices of a Share traded on the Stock Exchange for the five consecutive trading days immediately prior to and up to and including the Record Date plus a premium of 2% for covering the costs and expenses of the Scrip Dividend Scheme. On the said basis, the issue price of each Scrip Share as calculated pursuant to the aforesaid is HK\$1.04958 which has been rounded up to HK\$1.05 (“**Issue Price**”).

Accordingly, the number of Scrip Shares to be allotted and issued to the Qualifying Shareholders who elect to receive their Special Interim Dividend in scrip will be calculated as follows:

$$\begin{array}{r} \text{Number of Scrip} \\ \text{Shares to be} \\ \text{received (rounded} \\ \text{down to the nearest} \\ \text{whole number)} \end{array} = \begin{array}{r} \text{Number of existing} \\ \text{Shares held on the} \\ \text{Record Date elected} \\ \text{for Scrip Shares} \end{array} \times \frac{\begin{array}{r} \text{Special Interim} \\ \text{Dividend per Share} \\ \text{(HK cents 10)} \end{array}}{\begin{array}{r} \text{Issue Price} \\ \text{(HK\$1.05)} \end{array}}$$

The number of the Scrip Shares to be allotted and issued to each Qualifying Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares will not be issued to the Qualifying Shareholders but will be aggregated and sold, and the benefit thereof will accrue to the Company. The Scrip Shares will rank *pari passu* in all respects with the existing issued Shares save that the Scrip Shares will not be entitled to the Interim Dividend and the Special Interim Dividend, but will rank in full for all future dividends and distribution which may be declared, made or paid. The latest time by which transfers were accepted for registration for participation in the Scrip Dividend Scheme for the Special Interim Dividend was Monday, 27 August 2018 at 4:30 p.m.

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## LETTER FROM THE BOARD

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### ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Qualifying Shareholders the opportunity to further participate in the equity capital of the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company, to the extent that Qualifying Shareholders do not elect to receive cash dividend, such cash as would otherwise have been paid to the Shareholders will be retained for use as working capital by the Company.

### EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 1,984,000,000 Shares in issue as at the Record Date, if no Qualifying Shareholder elects to receive the Special Interim Dividend in the form of Scrip Shares, the total cash payable by the Company in respect of the Special Interim Dividend would be approximately HK\$198.4 million. If all Qualifying Shareholders elect to receive the Special Interim Dividend in the form of Scrip Shares, the maximum number of Scrip Shares to be issued would be about 188,952,380 Shares, representing approximately 9.524% of the existing issued Shares of the Company and approximately 8.696% of the issued Shares of the Company as enlarged by the issuance of the Scrip Shares.

### ELECTION FORM

An Election Form is enclosed with this circular.

- **No action is required if you wish to receive the Special Interim Dividend which you are entitled to receive to be wholly satisfied by cash.**
- **If you wish to receive the Special Interim Dividend wholly in Scrip Shares, or partly in cash and partly in Scrip Shares, you must complete the enclosed Election Form.**
- If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Special Interim Dividend in the form of Scrip Shares under the Scrip Dividend Scheme, or if you elect to receive the Scrip Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, then in either case you will be deemed to have exercised your election to receive the Scrip Shares in respect of all the Shares of which you were then registered as the holder.

The Election Form must be completed in accordance with the instructions printed thereon, signed and returned so that it is received by the Registrars at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong **no later than 4:30 p.m. on Tuesday, 18 September 2018.**

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## LETTER FROM THE BOARD

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The latest time for return of the Election Forms will be extended, as the case may be, in accordance with (a) or (b) below if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time at or before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 18 September 2018. Instead, the deadline for the submission of forms of election will be 5:00 p.m. on the same business day, i.e. Tuesday, 18 September 2018; and
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Tuesday, 18 September 2018. Instead, the deadline for the submission of forms of election will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m., i.e. Wednesday, 19 September 2018 assuming the aforesaid warnings are not in force.

No election may, after the relevant Election Form is received by the Registrars, be in any way withdrawn, revoked, superseded or altered. No acknowledgement of receipt of the said Election Form will be issued. If you do not complete and return the Election Form before the time stated above, you will be deemed to have elected to receive the Special Interim Dividend wholly in cash.

### OVERSEAS SHAREHOLDERS

Based on the Register of Members of the Company as at the close of the Record Date, there were 16 Overseas Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register that were outside Hong Kong and were in Canada, Macau, Malaysia, the United Kingdom and the United States of America. The Overseas Shareholders together held an aggregate of 159,800 Shares, representing approximately 0.008% of the entire issued share capital of the Company as at the Record Date. The aggregate amount of the Special Interim Dividend to which these Shareholders are entitled is approximately HK\$15,980.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board has made enquires with its legal advisers on the laws of Canada, Macau, Malaysia, United Kingdom and United States of America in relation to the extension of the Scrip Dividend Scheme to the Overseas Shareholders. Based on the results of such enquiries, the Board is given to understand that there are no legal restrictions or requirements of any regulatory body or stock exchange that would be required to be made in Canada, Macau, Malaysia, and the United Kingdom by the Company to issue Scrip Shares to the Overseas Shareholders residing in these jurisdictions (“**Qualifying Overseas Shareholders**”). Accordingly, the Qualifying Overseas Shareholders will not be excluded from the Scrip Dividend Scheme and the Election Form will be sent to them together with this circular.

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## LETTER FROM THE BOARD

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The Board is aware that, after making legal enquiries by the Company, for the Shareholders with registered addresses in the United States of America, local approval and/or filing or other formalities in relation to the Scrip Dividend Scheme need to be observed so as to comply with the relevant securities legislation in those jurisdictions. As the Board considered that it would not be cost-effective or expedient for the Company to comply with the registration requirements and/or other formalities under the laws of the relevant jurisdictions, it has decided to exclude Shareholders with registered addresses in this jurisdiction (“**Excluded Overseas Shareholders**”) from the Scrip Dividend Scheme. Accordingly, Election Form will not be sent to the Excluded Overseas Shareholders and they will only receive this circular for information only. Excluded Overseas Shareholders will receive the Special Interim Dividend wholly in cash.

Neither this circular nor the Election Form will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong. No Shareholder receiving in any territory outside Hong Kong a copy of this circular and/or an Election Form may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to such person without the Company being required to comply with any registration or other legal requirements, governmental or regulatory procedures or any similar formalities. It is the responsibility of any Shareholder residing outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdiction(s), including procedures or any other similar formalities. It is also the responsibility of any person who receives Scrip Shares in lieu of cash dividend to comply with any restrictions on the resale of the Scrip Shares which apply outside Hong Kong.

### **CONDITION OF THE SCRIP DIVIDEND SCHEME**

The Scrip Dividend Scheme is conditional upon the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. If this condition is not satisfied, the Scrip Dividend Scheme described in this circular will not become effective and the completed and returned Election Form will be treated as void, and the Special Interim Dividend will then be paid wholly in cash.



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## LETTER FROM THE BOARD

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### LISTING AND DEALINGS

Application has been made to the listing committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said approval being granted by the Stock Exchange, it is expected that definitive Share certificates for the Scrip Shares and/or cheques for cash dividend will be despatched to those entitled thereto at their own risk on or about Thursday, 4 October 2018. Dealings of the Scrip Shares on the Stock Exchange are expected to commence on Friday, 5 October 2018. One Share certificate will be issued for all Scrip Shares a Qualifying Shareholder is entitled to.

Subject to the granting of listing of, and permission to deal in the Scrip Shares to be issued under the Scrip Dividend Scheme, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. You should seek advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares are listed, and dealt in, on the Stock Exchange. Save as disclosed herein, no equity or debt securities of the Company are listed, or dealt in, on any other stock exchange nor is listing or permission to deal in or any other stock exchange being or proposed to be sought.

### BOOK CLOSURE PERIOD

The register of members of the Company was closed from Tuesday, 28 August 2018 to Wednesday, 29 August 2018, both days inclusive, for the purpose of determining Shareholders who qualify for the Interim Dividend and the Special Interim Dividend.

### GENERAL

Whether or not it is to a Qualifying Shareholder's advantage to receive the Scrip Shares or cash, in whole or in part, depends upon his own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Qualifying Shareholder. If a Qualifying Shareholder is in any doubt as to what to do, he should consult his professional advisers as to whether or not he is permitted to receive the Scrip Shares or if any governmental or other consent is required.

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## LETTER FROM THE BOARD

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Qualifying Shareholders who are trustees are recommended to obtain professional advice as to whether the choice of Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Qualifying Shareholders should note that their receipt of the Scrip Shares may give rise to notification obligations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

Your faithfully,  
For and on behalf of the Board  
**TO Shu Sing, Sidney**  
*Chairman*